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**FOPRIDEH**  
Federación de Organizaciones  
No Gubernamentales para  
el Desarrollo de Honduras

# **Decentralization Enabling Environment (DEE)**

## **SEMIANNUAL PERFORMANCE REPORT**

**Cooperative Agreement No. 522-A-11-00001**

**July - December 2015**

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## SEMI ANUAL REPORT 2015

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## Acronyms

**AMHON:** Honduran Municipal Association  
**COSUDE:** Swiss Cooperation  
**CSO:** Civil Society Organizations  
**DD:** Decentralization Office  
**DEE:** Decentralization Enabling Environment  
**FAI:** Fiscal Autonomy Indicator  
**FOPRIDEH:** Federation of non-Governmental Organizations for Honduran Development  
**GSC:** Civil Society Group  
**GOH:** Central Government of Honduras  
**LCAM:** Municipal Service Law  
**MANOFM:** (Francisco Morazán) Municipal association of the Northwest of Francisco Morazán  
**MANSUCOPA:** (La Paz & Comayagua) Municipal Association of the Southwest Valley of Comayagua and La Paz  
**MANVASEN:** (Ocotepeque) Municipal association of the Sensentí Valley  
**MUNASBAR:** (Santa Bárbara) Municipal association from the South Region of Santa Bárbara  
**MAMSA:** (Olancho) Municipal association of Municipalities Martyrs from the Sierra of Agalta  
**MAMLESIP:** Municipal association of Municipalities Lencas from la Sierra de La Paz  
**OMM:** Municipal Woman's Office (OMM)  
**PMP:** Performance Monitoring Plan  
**POA:** Annual Work plan  
**SAFT:** Tax and Finances Management System  
**SAMI:** Municipal Integrated Management System  
**SIGMA:** Municipal Management Information System  
**SEDIS:** Development Secretariat for Social Inclusion  
**SEFIN:** Ministry of Finance  
**SERNA:** Secretary of Natural Resources and Environment  
**SDHJGD:** Ministry of Human Rights, Justice, Governance and Decentralization  
**TSC:** Supreme Audit Institution  
**UTD:** Decentralization Technical Unit  
**UTI:** Inter Municipal Technical Unit  
**UFIM:** Municipal Association Finance Unit  
**USG:** United States Government

## **I. Executive Summary**

This document includes the methodological process, significant achievements and the main obstacles identified within the Decentralization Enabling Environment Program during the second half of 2015 (July – December).

Reports from Indicators 2.1 and 2.3 from Result 2 were presented during the month of November, analysis will be based on the results collected from July through November 2015 and compared to data from July through November 2014. The methodology was developed around individual and group technical assistance and workshops. These workshops were implemented by project employees, facilitators and other institutions like AMHON, SDHJGD/Decentralization Office, Local Empowerment Office, Superior Accounts Tribunal (TSC), SAMI and the UFIMs.

A highlighted result for policies developed from project support were the development of the Decentralization Law Congress Review by the Municipal Affairs Commission from National Congress. The approval of the Municipal Administrative Career Law by the Ministry of Human Rights, Justice, Governance and Decentralization. Six new local policies for municipalities from MAMSA and MANSUCOPA with the participation of representatives from local governments and the OSC.

The most important achievements related to the implementation of the Laws concerning the process of tax recovery through mediation in a total of 12 Municipalities for L. 8, 030,380.29 from 460 legal claims. The amount of L 2,984,035.55 has been presented to court for recovery. Ten Semiannual Reports from July to December 2015 have been printed for documentation.

Recruitment, selection, hiring and induction of the Municipal Administrative Career Law (LCAM) staff benefiting the municipalities of Arada, Atima, El Níspero, Nuevo

Celilac, San Nicolás and San Vicente Centenario from MUNASBAR and the municipalities from MANOF: Vallecillos, Marale, El Porvenir and Orica.

Follow-up actions from the workshops and technical assistance provided during the previous period through constant maintenance of the SAFT Tax and Finances Management System data base, with direct participation of the employees and municipalities by strengthening sustainability, improving taxpayer management, transparency and collection of own source income.

During this semester, 10 project proposals were presented by the following mancomunidades: COLOSUCA, MANLESIP, MANSUCOPA, Intermunicipal Council from Higuato, MANVASEN and CHORTÍ in accordance to the first year of grant procedure in the frame of activities performed by Result 4: Municipal Grant Challenge in compliance with the second year, evaluating the financial and administrative capacities was performed in 11 out of the 12 mancomunidades that have applied the Municipal Management Performance Indicator (IDGM) in 32 out of 66 municipalities.

## **II. Introduction**

This Semi-Annual report for the period of July - December 2015 presents the accomplishments and areas for improvement for the Federation of Non-Governmental Organizations for Honduran Development (FOPRIDEH) under the Decentralization Enabling Environment Program (DEE), hereinafter referred to as DEE.

This document will show the most important activities implemented during this period, and the progress to achieve results as presented in the framework of Cooperative Agreement No. 522-A-11-00001 signed between FOPRIDEH and the United States Agency for International Development (USAID).

General Objective

The general objective of the Project DEE is to strengthen national institutions, local governments and civil society's capacities to promote, ratify, and apply the legislative reforms that support decentralization. These goals are attained through the accompaniment of the Central Government, Local Government, Civil Society Organizations (CSOs), and other strategic partners associated with the project. Achieving a legal framework for decentralization involves the approval of new and/or reformed public policies and laws.

#### Specific Objectives

Advocacy and Train local people to promote decentralization laws skillfully and representatively.

Strengthen local government capacities through: 1) The adoption and implementation of the legal, fiscal and administrative reforms, 2) Monitor and report quarterly on national government transfers to local governments and verify the application of the law stated in the article 91 of the Municipal Law to citizens, 3) Increase capacity to finance municipal operative costs and invest with own source funds.

Advocate with fellow CSOs for legal framework that supports decentralization.

### III. Performance Monitoring Plan Results Table

#### Base line and current targets

AO, IR or Sub-IR	Indicator	Unit of Measurement	Disaggregation	2015 Target	2015 Actual	Average
	<b>Result 1:</b> Comprehensive legal framework for increased municipal autonomy strengthened					

IR 1.1	Indicator 1.1: Total resources managed by local government as percentage of total public resources	Percentage Points or Percentage Change	Municipalities	11%	9.18%	<b>At Risk</b>
IR 1.2	Indicator 1.2 Percentage of laws and reforms passed by the GOH and drafted with USG assistance to promote decentralization compared to introduce initiatives.	Percentage		80%	80%	<b>Acceptable</b>
IR 1.3	Index of Implementation of the Municipal Administrative Career Law by Local Government to promote municipal autonomy	Scale	Municipalities	$(2/3 \times 100) = 100\%$	100%	<b>Acceptable</b>

AO, IR or Sub- IR	Indicator	Unit Measurement	of Disaggregation	2015 Target	2015 Actual	Average
<b>Result 2: Legal framework for municipal fiscal autonomy strengthened</b>						
IR 2.1	Index of fiscal municipal autonomy of municipalities (own source revenue/total income)	Percentage of fiscal autonomy	Municipalities by quarter	5 % of index Increase	11%	Beyond expectation
IR 2.2	Percentage of laws and reforms passed the GOH and drafted with USG assistance to promote fiscal autonomy compared to introduced initiatives	Percentage of laws or policies approved		80%	TBD 180%	Beyond expectation
IR 2.3	Score of implementation of legislation to promote fiscal autonomy, implemented by the municipalities	Percentage points (pp)	Municipalities by quarterly	10 pp increase	24.01pp	Beyond expectation



AO, IR or Sub-IR	Indicator	Unit of Measurement	Disaggregation	2015 Target	2015 Actual	Average
<b>Result 3:</b> Cross-cutting actions of civil society participation in the decentralization processes increased						
IR 3.1	Indicator 3.1 Number of representatives from civil society organizations who contribute to project activities.	Number	Number or exchange rate	300 Women = 100 Men = 200	386 Women = 153 Men = 233	Beyond expectation
IR 3.2	Percentage of civil society perception on decentralization and municipal autonomy	Percentage points or exchange rate	Perception Opinions	20% increase from previous year	18.86%	Acceptable
<b>F INDICATOR</b>						
F1	F Indicator 1: Number of laws or amendments promoting decentralization drafted with USG assistance	Number	None	15	12	At Risk
F2	Indicator F2: Number of individuals who received USG assisted training, including management skills and fiscal management, to strengthen local government and/or decentralization	Number of participants	Number of participants by gender	160 Women=48 Men=112	180 Women = 84 Men = 96	Beyond expectation

\* All targets will be reported annually with corresponding measurement criteria established in the PMP

## TABLE OF INDICATOR EVALUATION

Measurement Criteria	Range
Beyond expectation	> 100%
Acceptable	$\geq 86\% \leq 100\%$
At Risk	$\geq 70\% \leq 85$
Below expectation	< 70%

### 3.1 Comments based on the PMP Results:

Indicator 1.1 helped National Congress for the approval of the National income and expenditure budget of 2015 for municipal transfer to 298 municipalities by the total sum of L. 4,200,006,000.00 million lempira. The Central Government has delivered the amount of L.3, 505,042.644.75 million lempira for 2015 representing the 9.18% out of the 11% annual until the 31st of December 2015.

Over 105 municipalities have no authorization of fourth quarter payment for 2015 by lack of accountability reports presented to the SDHJGD of the funds implemented during 2015's first quarter.

The Municipal settlement signed a Trust Agreement for the amount of 600 million lempiras last June 2015 between the Honduran Municipal Association (AMHON) and the Development Secretariat for Social Inclusion (SEDIS), for municipal projects under the "*Por Una Vida Mejor*" Program. The SDHJGD through the DGFL has established for the analysis of Municipal Transfer payment will only account for the amount approved by the National Congress.

In relation to indicator 1.2 and F1 the Project supported the approval of 15 instruments or regulations with the approval of 12 in total as shown in the following chart:

Promoted tools or subjects concerning regulations:	Number of regulations			% of approved regulations
	Promoted	Expected value of approval (Target)	(Current)	
Law of Municipalities	1	1	-	-
Performance Evaluation Manual	10	8	9	90%
Government Procurement Law	4	4	3	75%
<b>Total</b>	<b>15</b>	<b>13</b>	<b>12</b>	<b>80%</b>

**Source:** Project DEE

Indicator 1.3 reached the established goal of 3 complete manuals, developed and approved by the Municipal Corporations of MANOFM and MUNASBAR for the following: Wages and Positions Manual, Performance Evaluation Manual and Hiring; Selection, Contracts and Induction of Staff Manual

Indicator 2.1 shows an increase of 11% during the January through November 2015, compared to the same period of 2014, in relation to 5% of increase expected according to the target. This increase in the indicator is a direct result of the own source recovery for L. 48,582,423.43 million lempiras equivalent amount of 25% in relation to the same period during 2014.

Furthermore, the total income increased by L 101,339,375.66 representing a 13% as a consequence to the compliance of the presentation of municipalities accountability for Central Government payments of transfers as well as the increase in other capital income corresponding to the total balance from cash and bank up to the 31<sup>st</sup> of December 2014 corresponding to the amount of income during the fourth trimester of payments made to municipalities, budget destined for investment, active sales, grants, improvements and donations.

IAF COMPARISON FROM JAN - NOV 2014 VS JAN - NOV 2015					
Description	2014	2015	Variation		Increments of variation in IAF
			Absolute	Relative	
Own Source	195,036,476.15	243,618,899.58	48,582,423.43	25%	
Total Income	777,448,083.00	878,787,458.66	101,339,375.66	13%	
<b>IAF</b>	<b>25.09%</b>	<b>27.72%</b>	<b>2.64%</b>	<b>0.105051917</b>	<b>11.00%</b>

**Source:** Accountability Reports from 2015 revenues reports

For indicator 2.2 the norms and regulations at municipal corporation level 39 accountability reports are presented in the Local Government Accounts and project implementation Municipal Investment Reports approved by the municipal corporations, delivered to the SDHGJD, from 25 according to the target for the end of 2015.

Promoted tools or subjects concerning regulations:	Number of regulations			% of approved regulations
	Promoted	Expected value of approval (Target)	(Current)	
Local Governments Accountability Report	25	20	39	156%
Municipal Investment Reports	25	20	39	156%
<b>Total</b>	<b>50</b>	<b>40</b>	<b>90</b>	<b>180%</b>

Indicator 2.3 referring to law implementation in tax recovery is reported from January to November 2015 showing a recovery of **165.28%** in comparison to the 141.27% recovery in 2014 period with an increase of **24.01** percent points in relation to the 10 pp established in the PMP target.

The increase in tax debt recovery obeys to the advocacy actions performed by the project (administrative and legal mediations, as well as the direct technical

assistance) and the efforts performed by each municipality in coordination with local authorities and civil society.

<b>Laws and Public Policies: Advocacy and Implementation Comparative analysis of data from January to November</b>							
<b>2014</b>			<b>2015</b>			<b>Variations</b>	
<b>Tax Debt Beginning of the year</b>	<b>Tax recovered</b>	<b>% of recovery</b>	<b>Tax Debt Beginning of the year</b>	<b>Tax recovered</b>	<b>% of recovery</b>	<b>Absolute</b>	<b>Relative Percent Points</b>
35,101,296.58	49,588,051.67	141.27%	42,342,928.18	69,986,924.02	165.28	27,643.995.84	<b>24.01</b>

Data from 3.1 presented during this period for a total of 386 participants representing an increased 128% from the established goal of 300 participants. Civil Society's perception on Decentralization and Municipal Autonomy shows an 18.86% of compliance from the 20% shown in the PMP goals. Indicator F2 surpassed the target set from 160 to 180 persons, strengthening Local Governments and the CSO in subjects such as: Accountability, social audits, and public policies, taxing system, Government Procurement Law, Municipalities, Decentralization Laws and Civil Society.

According to result 4, indicator 4.1 referring to the number of grants provided to the mancomunidades and 4.2 referring to the percentage of youth participating in the priority of projects process, will be reported on 2016 no input data is complete for the measurement of these indicators

## **IV. Results**

### **4.1 Methodology**

Project DEE performed practical methodologies in order to achieve the planed results implementing the following staff activities:

- Civil Society Organizations strengthened through workshops with support of consultants and technical staff from results 1 and 2 in subjects

related to decentralization, municipal autonomy and public policies contributing to the organization between civil society and local governments.

- b) Technical assistance coordination with AHMON, Ministry of Finances (SEFIN) through the SAMI System and the Ministry of Human Rights, Justice, Governance and Decentralization and Supreme Audit Institution, through workshops, exchange of experiences and trainings for employees and municipal staff on finance accountability, tax control, internal control, accountability and other similar to municipal finances.
- c) Exchange of information on subjects of interest with civil society associated with decentralization such as: protected areas, climate change, human rights and forest management.
- d) Application of the Social Observatory for Decentralization as an information tool for strategic allies of project DEE (affiliates, mayor's office, mancomunidades and Civil Society Organizations) on subjects concerning decentralization and municipal autonomy; up to the 31st of December the web page had 1,500.000 users.
- e) Informative meetings to introduce the development of project proposal for pre-selected mancomunidades and municipalities in accordance to the first year of grant participations in the frame of Result's 4 activities

#### **4.2 Laws and Public Policies: Advocacy and Implementation:**

During this period the following achievements are highlighted:

- a) The Municipal Affairs Commission, Regional National Congress Deputies favorable review for the Law of Decentralization and the approval of the CAM Law Regulation approved by the SDHJGD.
- b) Recruitment, Selection, Hiring and Introduction for municipal staff manuals in six municipalities from MUNASBAR and three approved in three MANOFM municipalities according to the Administrative Career Law.

#### Public policies achievements:

- a) Local Government and Civil Society representatives from MANSUCOPA and MAMSA mancomunidades developed six Local Public Policies in their corresponding area.
- b) Local Government and Civil Society representatives from MANSUCOPA, MUNASBAR and MAMSA mancomunidades developed seven municipal tax policies for their corresponding areas.

#### Law implementation achievements:

- a) Follow up on the mediation benefiting twelve municipalities, in accordance to the Law of Municipalities recovering debt tax for a total of **L 2,984,035.55 millions**;
- b) Approved tax accountability reports from the first quarter and project implementation from 39 municipalities.

#### **4.3 Trainings, Technical Assistance and other activities:**

During the reported period, workshops, trainings and technical assistance in subjects such as Municipal Tax Finances, Social Audit, Accountability, Local government accounting, Municipal Administrative career law and Performance Evaluation process in municipal employees according to the Law, Decentralization and the Social Observatory for Decentralization Operations. Public policy proposals, tax policies and tax recovery with participation of the CSO.

The project provided mancomunidades with counseling on municipal finance, internal controls as a result of the evaluations performed through the IDGM.

Results of the guidance performed by the project the following were obtained:

Local Government representatives have the tools required to undertake legal and administrative process and assessments on the fiscal area, specifically on improvement of own source income.

- a) The municipal technician on the fiscal area, develop the Annual Budget and provide follow up, to accomplish the targets focused on reducing debt and tax evasion.
- b) Participation of Mancomunidades in Experience Analysis forums in terms of tax debt, SAFT implementation and others.
- c) Promoted the update of the financial management programs for sustainability of the SAFT system.
- d) Promoted the co-responsability of civil society with the local authorities in tax recovery for MANSUCOPA, MUNASBAR and MAMSA.
- e) Promoted the update of the municipal tax database corresponding to tax debt and implementation of the administrative and legal mediation procedures.
- f) Evaluation Commission and Municipal Career Employees trained on the Performance Evaluation Process according to the CAM Law and the manuals for MUNASBAR, MANSUCOPA, MANSELISIP and four municipalities of MANOFM.
- g) 25% of the Municipal Career Staff evaluated from municipalities in MUNASBAR, MANLESIP and one in MANOFM according to the CAM Law.
- h) Approved by USAID the Result 4 Grant Manual.
- i) Identification of ten preselected municipalities suited for the grant application in the first attempt.
- j) Presentation of results obtained in the municipalities and mancomunidades evaluations.
- k) Induction presentation for project proposal development for preselected mancomunidades.
- l) Evaluated administrative and financial capacities in 11 out of 12 mancomunidades corresponding to the second year of the grant challenge.
- m) Evaluated 31 out of 66 municipalities with the second year in course.



#### **4.4 Communications:**

The main achievements in terms of communications are related to the Social Observatory for Decentralization ([www.observatoriodescentralizacion.org](http://www.observatoriodescentralizacion.org)) concerning the positioning of the project with allies: Mayors office, Mancomunidades, Civil Society, and International Donors as a monitoring tool on subjects related to Decentralization and others alike through informative mail, legislative alert reports, promotional material etc.

##### Social Observatory operations:

- a) Strengthened the strategic allies (AMHON, SDHJGD/DD/DGFL, Municipalities and Mancomunidades) through the dissemination of web page information and web mails.
- b) Informed population in general on Honduran decentralization progress.
- c) Updated the fiscal autonomy tab from project municipalities, making public news, videos, Law initiatives, public policies, media press, and alerts of the Legislative and Executive agendas and digital newsletters.
- d) Developed quarterly reports from information provided by the SDHJGD through the DGFL, on payments from the Central Government to municipalities for Municipal Transfers according to article 91 in the Law of municipalities and General Budget dispositions from 2015.

##### Project Visibilization Material:

- a) Developed and shared the quarterly November 2015 compilation of information of municipal payments, interviews with representatives involved in the process of implementation of the CAM Law and Decentralization.
- b) Presented CAM Law manuals and strengthened capacities for the implementation process.

## **V. Gender Strategy**

During the period, actions were oriented to motivate women's participation in Woman Mayors, Vice-Mayors, Women in Municipal Commissions, Municipal Office Coordinators, secretaries, accountants, tax managers, municipal budget and treasurer managers, Woman Network of Transparency Commissions and CSO directors participated in different events, training and discussions performed by the project.

The project has raised awareness on Decentralization with gender focus through the distribution of material: brochures and newsletters given out in events, trainings provided by the project at national and local level.

Local authorities have promoted the participation of women during the processes to formulate the municipal budget implementation activities with a gender equity focus providing resources for women issues in the 2015 municipal budget.

Participation in workshops and other activities from results 1, 2 and 3 in 2015 add up to a sum total of 566 participants of which 237 are women represented by (42%) and 329 men represented by (58%) kept in the 40%-60% ranges as set by the program targets, this tendency is acceptable.

## **VI. Obstacles**

The following obstacles have hindered the program's capacity to implement some activities:

- a) Lack of political will by the Municipal Office in the Municipality in MANOFM (El Porvenir) to approve the Job Classification and Introduction of Municipal staff.
- b) Lack of political will by the Legislative branch to approve the Decentralization Law.

## **VII. Main activities for next period**

Important activities are foreseen for next semester for Result 4 “Municipal Grant Challenge”; in accordance to Annual Plan 2016-2017 are summarized as follows:

- Perform the IDGM to the mancomunidades and municipalities during the second round of the challenge.
- Review and approve project proposals developed by the selected mancomunidades.
- Sign the grant agreements corresponding to the first and second grant challenges.
- Monitoring, follow-up and evaluation of the technical implementation from grant funds.
- Search for financial aid with partners and others for sustainability operation for the Social Observatory for Decentralization (OSD).

## VIII. Budget Implementation

FEDERATION OF NON GOVERNMENTAL ORGANIZATIONS FOR THE DEVELOPMENT OF HONDURAS

FOPRIDEH

SUMMARY OF EXPENSES PARTIAL

DECENTRALIZATION ENABLING ENVIROMANT (DEE)

PERIOD: July-December 2015

VALUE IN DOLLARS (Monthly Variation Lps of \$1,00)

Budget Line	Executed July	Executed August	Executed September	Executed October	Executed November	Executed December	TOTAL executed (July- December 2015)
Result 1: Comprehensive legal framework for increased municipal autonomy strengthened	8.281,70	6.230,16	4.178,10	5.323,30	8.355,61	11.818,22	44.187,09
Result 2: Legal framework for municipal fiscal autonomy strengthened	6.466,15	6.228,72	5.056,12	6.256,32	7.309,60	9.952,32	41.269,23

Result 3: Cross-cutting actions of civil society participation in the decentralization processes increased	8.718,79	5.494,20	3.897,98	5.302,59	8.291,89	11.173,03	42.878,48
Sub-total (Result 1, 2 and 3)	23.466,64	17.953,08	13.132,20	16.882,21	23.957,10	32.943,57	128.334,80
Result 4: Municipal Grant Challenge	11.619,39	35.752,69	8.814,63	8.959,55	16.114,67	30.208,10	111.469,03
<b>Subtotal</b>	<b>35.086,04</b>	<b>53.705,77</b>	<b>21.946,82</b>	<b>25.841,76</b>	<b>40.071,77</b>	<b>63.151,67</b>	<b>239.803,83</b>
<i>FOPRIDEH COST SHARE AMOUNT</i>	<b>4.863,53</b>	<b>3.661,64</b>	<b>3.257,97</b>	<b>4.924,15</b>	<b>5.724,31</b>	<b>4.443,07</b>	<b>26.874,67</b>
<b>TOTAL</b>	<b>39.949,57</b>	<b>57.367,41</b>	<b>25.204,79</b>	<b>30.765,91</b>	<b>45.796,08</b>	<b>67.594,74</b>	<b>266.678,50</b>

